

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2624

January 25, 2010

SUMMARY OF BILL: Allows an individual whose spouse is a member of the armed services of the United States to collect unemployment benefits if the individual has left employment to accompany the spouse when the spouse is subject to a military transfer.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$49,400/Unemployment Insurance Trust Fund

**Increase State Expenditures - \$365,400/Unemployment Insurance Trust Fund
\$12,100/General Fund**

Increase Local Expenditures - \$37,300*

Assumptions:

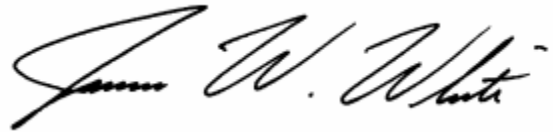
- According to the Department of Labor and Workforce Development, there are approximately 28,000 military personnel living in Tennessee (2,500 stationed in Tennessee + 25,500 stationed at Fort Campbell in Kentucky, residing in Tennessee).
- According to the Department of Labor and Workforce Development, approximately one-half are married and one-third are transferred each year, resulting in 4,620 spouses of transferred military personnel each year ($28,000 \times 50\% \times 33\% = 4,620$). Approximately one-half of these spouses are employed, resulting in 2,310 potential unemployment claims each year.
- The average weekly benefit amount for unemployment insurance is \$226.94, and the average duration of unemployment benefits is 16.1 weeks, resulting in an average of \$3,654 per claimant.
- According to the Department of Labor and Workforce Development, the state of Kansas has already enacted a similar law. Kansas had approximately 21,000 U.S. military personnel and 67 such claims approved in 2007.
- Based on the above information, the Department of Labor and Workforce Development estimates that there will be approximately 100 claims in Tennessee each year. This will result in an approximate increase of \$365,400 in state expenditures from the Unemployment Insurance Trust Fund (100 claims x \$3,654 per claimant).
- Pursuant to Tennessee Code Annotated § 50-7- 403, state and local governmental entities are accorded the option of electing to pay premiums or make payments in lieu of premiums for unemployment benefits.

- According to the Department of Labor and Workforce Development, state and local government entities usually elect to make payments for benefit claims in lieu of paying premiums.
- According to the Department of Labor and Workforce Development, approximately 10.2% of workers are employed by local governments, and approximately 3.3% are employed by state government.
- Payments in lieu of premiums would be approximately \$12,100 (3.3% x \$365,400) for the state and \$37,300 (10.2% x \$365,400) for local governments. This will result in an increase in state revenue of approximately \$49,400 in the Unemployment Insurance Trust Fund.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/jaw